



## **Staff Report**

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### **DISCUSSION AND DIRECTION ON THE PROPOSED FY 2011 BUDGET CORRECTION PLAN**

Honorable Mayor and Council Members:

#### **Summary**

The purpose of tonight's discussion is to provide City Council with an informational update on staff's outreach with the City's commissions, the community and other stakeholders and to present the revised Budget Correction (Plan). At the conclusion of the discussion, City Council is asked to provide direction to staff prior to bringing back a Plan for adoption at the April 27<sup>th</sup> meeting.

#### **Background**

On March 9<sup>th</sup>, staff introduced a Plan to address the projected General Fund shortfall estimated at \$1.30 million, which is present now and will continue into the foreseeable future, if left unaddressed. The Plan provided \$2.21 million in strategies, far exceeding the \$1.30 million estimated necessary to address the General Fund revenue shortfall. Council provided staff with direction to revise the Plan to better suit the needs of the community. Staff understood those revisions to be as follows:

- Areas of consensus were:
  - Parks and Recreation Proposals
    - Keep cuts away from seniors, children and the Library
  - Concern with new taxes
  - Layoffs are undesirable
  - Minimize service reductions
  - Reductions should be sustainable and not create issues in the long-term
  - Preserve fund balance reserves
  - Minimize cuts to revenue-generating activities
  - New revenues should be realistic
- Expand the process to include more input from the City's Commissions, the community and other stakeholders in shaping the Plan.

At the March 23<sup>rd</sup> meeting, the items above were reiterated. An update from the March 18<sup>th</sup> Finance Commission meeting was also provided. The Council gave direction to the Finance Commission Chair to suggest strategies, including items that may impact policy, for inclusion in the Plan at their April 1<sup>st</sup> meeting.

## **Discussion**

### **Proposed Budget Correction Plan**

Staff has revised the Plan presented on March 9<sup>th</sup> to reflect the Council's emerging consensus. Those strategies were dropped are shown as strikethroughs. Council is encouraged to review these items and confirm that staff's understanding is correct. Not accounting for additional savings from labor or further strategy exclusions by Council, the revised Plan now provides \$1.01 million in reductions and transfers and \$0.29 million in new/increased revenues and bridges the \$1.30 million budget gap. The Plan is presented as **Attachment A**.

Any strategies adopted in excess of the target correction amount can be used to rebuild reserves or serve as a cushion against further deficits resulting from a deterioration in revenue beyond that which has been estimated.

The strategies adopted by Council on April 27<sup>th</sup> will be carried forward into the FY 2011 Budget process and continue into the foreseeable future until the revenue outlook has improved.

At this time, staff is not recommending the budget be amended for potential State adverse actions. Staff will return with a separate correction action, if needed, once the picture has become clearer on the State's course of action and its impact to the City.

There is no legal or policy requirement for the City Council to act now on the Plan; however, if left unattended, the problem will simply get larger, and therefore, harder to solve.

### **Expanded Input**

As directed by Council, staff conducted several meetings to obtain input from the City's commissions, the community and other stakeholders. The outcomes from these meetings are presented below and included as attachments.

### **Finance Commission**

The Finance Commission initially reviewed the Plan at a special meeting on March 18<sup>th</sup>. At their April 1<sup>st</sup> meeting, the Commission developed thirteen proposals, twelve of which were recommended for consideration by the Council. The recommendations are organized in three stages of implementation: immediate/as soon as possible; inclusion in FY 2011 Budget and items that contribute to the long-term fiscal stability of the City. The Finance Commission's recommendations are detailed in **Attachment B**.

### **Planning Commission**

The Planning Commission reviewed the Plan at their April 6<sup>th</sup> meeting. The Planning Commission's comments are included in **Attachment C**.

### **Parks & Recreation Commission**

The Parks & Recreation Commission reviewed the Plan at their April 7<sup>th</sup> meeting. The Parks & Recreation Commission's comments are included in **Attachment D**.

### Community Input

Staff held a community meeting on March 31<sup>st</sup> at the Library to obtain input from Belmont residents and business owners. The items raised at this meeting are included in **Attachment E**.

### Labor

Staff has continued to meet with the City's Labor Groups to keep them updated on the Plan. All three of the Labor Groups are working together in good faith in assisting the City and being part of the solution.

### Next Steps

Staff anticipates the Council meeting on April 27<sup>th</sup> adopt the revised Plan.

### General Plan/Vision Statement

The budget strategies developed as part of the Plan were designed with the intent to maintain as much of the community's vision as possible. Key elements of the vision include:

- Distinctive Community Character
- Natural Beauty
- Thriving Culture
- Thriving Economy
- Easy Mobility

### Fiscal Impact

At this point, there is no fiscal impact from this report. However, adoption of a Plan will have positive long-term benefits to the City.

### Public Contact

Posting of City Council agenda.

### Recommendation

Consider the Plan as revised; identify any additions, deletions or modifications to the strategies; and direct staff to prepare a report implementing the Plan, as directed, for the April 27<sup>th</sup> meeting.

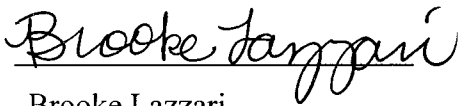
### Alternatives

1. With direction, refer back to staff for further consideration.

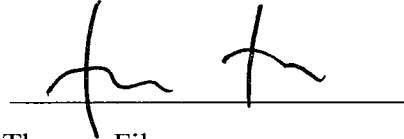
### Attachments:

- A. Proposed FY 11 Budget Correction Plan
- B. Finance Commission Recommendations
- C. Planning Commission Input
- D. Parks & Recreation Commission Input
- E. Community Meeting Comments/Q&A and Other Community Submitted Comments

Respectfully submitted,

A handwritten signature in cursive script, reading "Brooke Lazzari", written over a horizontal line.

Brooke Lazzari  
Deputy Finance Director

A handwritten signature in cursive script, reading "Thomas Fil", written over a horizontal line.

Thomas Fil  
Acting City Manager

Staff Contact:

Brooke Lazzari, Deputy Finance Director  
(650) 595-7434  
[blazzari@belmont.gov](mailto:blazzari@belmont.gov)

# City of Belmont

## FY 2011

### Budget Correction Plan Summary

Strategy	Schedule Reference	Amount (Millions)
FY 11		
<i>General Fund Structural Gap</i>		
Attributable to Local Economy	A	\$ 1.30
<b>Total General Fund Structural Gap</b>		<b>\$ 1.30</b>
<i>Proposed Budget Correction Strategies</i>		
Department Proposed Revenues	B	\$ 0.29
Department Proposed Expenditures/Transfers	C	\$ 1.01
<b>Total Strategies</b>		<b>\$ 1.31</b>
<b>Difference</b>		<b>\$ 0.01</b>

For Budget Gap

# City of Belmont

## FY 2011

### Estimated General Fund Revenue Shortfall

#### Schedule A

General Fund Economic Impacts	
Sales and Use Tax	\$ (663,857)
Transient Occupancy Tax	\$ (291,866)
Motor Vehicle Licenses Fees	\$ (64,212)
HUTA State Gas Tax	\$ (24,145)
Property Transfer Tax	\$ (10,765)
Contingency for Unknown Shortfalls	\$ (245,155)
Estimated Revenue Shortfall	\$ (1,300,000)
<b>Net General Fund Economic Impact</b>	<b>\$ (1,300,000)</b>

# City of Belmont FY 2011 Proposed Departmental Revenue Strategies Schedule B

#	Type	Department	Fund	FY 2011+
B 1	Establish a Proposition 218 Administrative Charge for the required administrative tasks associated with these hearings. Utilize the City Clerk staff to research Sewer Easements and create a record of easement ownership to improve efficiency on city projects and in responding to public inquiries.			
	Establish a Proposition 218 Administrative Charge for Staff Time Administering Hearings	City Clerk	101	\$ 10,260
	Establish a Chargeback for Enterprise Fund Research	City Clerk	101	\$ 19,500
B 2	This fee would augment/offset staff resources necessary to ensure that proper public noticing has been prepared for all development review applications, as required.			
	Establish a Public Notice Fee	Comm. Dev.	210	\$ 9,200
	Lower the threshold for major complex project designation in the planning department which triggers actual cost vs. standard cost recovery	Comm. Dev.	210	\$ 20,000
B 3	These measures include a variety of revenue increases in the Recreation Division resulting from the Joint Use Agreement with the Belmont Redwood Shores School District, changes at the Belmont Community Learning Center and the implementation of other revenue generating measures.			
	Enhance Summer Recreation Programs at Ralston Gym and Fox School resulting from JPA with school district	Parks & Rec	205	\$ 25,000
	Increase the Number of Students at Belmont Community Learning Center and 5% Enrollment Fee Increase in Fall 2010	Parks & Rec	205	\$ 40,000
B 4	Convert the Teen Center at Barrett into a studio for art classes	Parks & Rec	205	\$ 4,000
B 5	Establish a Rental Charge for the Belmont Community Players use of Barrett	Parks & Rec	205	\$ 20,180
B 6	Change the Facility Use Policy of Daytime Use by Belmont-Based Non-Profits	Parks & Rec	205	\$ 2,000

City of Belmont  
FY 2011  
Proposed Departmental Revenue Strategies  
Schedule B

#	Type	Department	Fund	FY 2011+
	These measures provide multiple revenue generating options by bringing rental of City facilities closer or up to a benchmark rate or changing their current use to other revenue generating facilities.			
B 10	Increase Manor Building Rent to 100% of Benchmark Rate	Parks & Rec	574	\$ 40,269
B 11	City rents out the Manor Building for small events	Parks & Rec	574	\$ 9,000
B 12	Increase 1870 Art Center rent to 75% of benchmark rate	Parks & Rec	574	\$ 34,431
a	City Reclaiming of Classrooms at 1870 Art Center for recreational classes; long-term renter such as a private school. The first year includes the cost of basic improvements.	Parks & Rec	574	\$ 25,200
B 13	Increase Creekside Studios rent to 75% of benchmark rate	Parks & Rec	574	\$ 2,888
B 14	Establish a rental rate for the Cottage Book Nook	Parks & Rec	574	\$ 2,256
	The proposed corrections for redevelopment area repair of walkways by Services crews and for staff review of development projects proposes City staff to perform work on new or previously contracted out projects to support the City Capital program. Enhanced revenues are proposed to address solid waste collection impacts on City streets by heavy trash collection vehicles and to address new requirements for installation of trash control devices under the newly issued Municipal Regional Permit (MRP). A banner permit fee is proposed to reflect cost coverage for the City Banner program, to provide for oversight at no cost to the City. The proposed corrections for repair of storm drain by Services crews proposes City staff to perform work on previously contracted out projects to support the City Capital program.			
B 15	Establish a Banner Permit Fee (City Hanging of Banners)	Public Works	210	\$ 10,000
B 16	Utilize Increase in Collection Vehicle Fee (Garbage Franchise)	Public Works	231	\$ 15,000
B 17	Create RDA Capital Improvement Project for Agency-Owned Sidewalk Repair	Public Works	231	\$ 32,361
B 18	Utilize Increase in Collection Vehicle Fee (Garbage Franchise)	Public Works	231	\$ 5,000
B 19	Sell Thirteen Vehicles-related to C128	Public Works	573	\$ 53,000
B 20	Utilize New NPDES Charge (Garbage Franchise)	Public Works	525	\$ 22,500
B 21	Utilize City Crews for Small Capital Construction Projects/Emergency Repairs	Public Works	525	\$ 30,177
<b>Total Revenues</b>				<b>\$ 293,998</b>



**City of Belmont**  
**FY 2011**  
**Proposed Departmental Expenditure Strategies**  
**Schedule C**

#	Type	Department	Fund	Division	Account	FY 2011+
<p style="text-align: center;"><b>City Attorney</b></p> <p>The City Attorney will bill routine Public Records Act Requests and Collection-Related Activities against the retainer. The Council will be provided with a cost estimate for performing any special tasks prior to the City Attorney undertaking them, including those deemed as a threat of potential litigation. The City Attorney will take an active role in managing outside legal counsel costs as necessary.</p>						
C 1	All routine Public Records Act Requests and collection-related activities will be charged against the retainer.	City Attorney	101	121	8322	\$ 15,600
<p style="text-align: center;"><b>City Clerk</b></p> <p>There is very little discretionary money. Severely reducing most of these line items in the budget could severely hamper the Clerk's ability to do business. The discontinued delivery of Council packets will require Council to either pick up their own packet or city clerk staff will have to deliver.</p>						
C 2	Reduction in allocation for temporary part-time salaries	City Clerk	101	201	8103	\$ 9,000
C 3	Discontinue Delivery of Council Packets	City Clerk	101	201	8531	\$ 500
C 4	Reduction in On-Line Update (Codification) of the Municipal Code based on anticipated codification.	City Clerk	101	201	8351	\$ 1,000
C 5	Reduce Advertising-could hamper future noticing for future hearings	City Clerk	101	201	8540	\$ 1,800
C 6	Elimination of Printing & Binding-contingency for offsite printing needs	City Clerk	101	201	8550	\$ 500
C 7	Reduce Travel & Training-could hamper ability to remain current on topics and new deputy to attend training	City Clerk	101	201	8580	\$ 2,200
C 8	Reduce Software Support Level for Questys (Agenda Preparation & Document Management)	City Clerk	101	201	8359	\$ 3,949
C 9	Suspension of Membership to the International Municipal Clerks Association (IMC)	City Clerk	101	201	8591	\$ 240
C 10	RESERVED FOR FY 2010					\$ -
Total City Clerk						\$ 18,949

# City Council

The City's membership in HEART will be cancelled reducing valuable resources; the funding for the Airport Noise Monitoring Equipment will be eliminated.

C 11	Reduce Travel & Training available to Council Members	City Council	101	101	8580	\$	2,500
C 12	Reduce Commission Dinner through "do-it-yourself" style	City Council	101	101	8351	\$	2,000
C 13	RESERVED FOR FY 2010					\$	-
C 14	Reduce Food for Council Meetings	City Council	101	101	8599	\$	2,500
C 15	Eliminate HEART Membership	City Council	101	101	8591	\$	9,000
C 16	Eliminate Joint Venture Silicon Valley Network Membership	City Council	101	101	8591	\$	1,000
Total City Council							\$ 17,000

# City Manager

The vacant City Manager position will be filled through Department Heads performing "double-duty" until a permanent replacement is hired; fewer special projects will be performed through the reduction of the part-time employee's hours as well as elimination of interns.

C 17	RESERVED FOR FY 2010					\$	-
C 18	Eliminate Spring Newsletter and only issue 1 annual newsletter	City Manager	101	111	8530	\$	8,500
C 19	Reduce Travel & Training	City Manager	101	111	8580	\$	3,200
C 20	Reduce Other Professional Technical	City Manager	101	111	8351	\$	3,100
C 21	Reduce Temporary Part Time Employee Hours	City Manager	101	111	8103	\$	10,000
C 22	Reduce Memberships-ICLEI & Sustainable Silicon Valley	City Manager	101	111	8591	\$	1,100
C 23	Reduce General Supplies	City Manager	101	111	8610	\$	1,500
Total City Manager							\$ 27,400

# Community Development

Resulting reductions would diminish outside consultant services for plan checking, building inspection, building administration support services, geotechnical review, tree removals/assessments, and environmental review. This may result in a longer turnaround for plans check and building inspections. Previously, overflow plan check applications were funneled to outside consultants. Similarly, in the event of vacations or prolonged absences, consultants provided building inspection and building administration services. The City will not be able to meet all Priority Calendar objectives envisioned under the current financing scenarios. Finally, a slight modification in FTE shifting Development Fund staff to Housing to provide an expansion in the Housing Program.

C 24	Reduce Postage/Delivery Services	Comm. Dev	101	903	8531	\$	500
C 25	RESERVED FOR FY 2010					\$	-
C 26	RESERVED FOR FY 2010					\$	-
C 27	Reduce Memberships and Dues	Comm. Dev	101	903	8591	\$	500
C 28	RESERVED FOR FY 2010					\$	-
C 29	Reduce Planning which would eliminate monies to satisfy Priority Calendar Items	Comm. Dev	101	903	8341	\$	10,000
C 30	RESERVED FOR FY 2010	Comm. Dev				\$	-
C 31	Reduce Funding for 3rd Party Plan Checks for Specialized Services	Comm. Dev	210	904	8351	\$	7,500
C 32	Reduce Computer Software Licenses	Comm. Dev	210	904	8359	\$	1,000
C 33	Reduce Advertising	Comm. Dev	210	904	8540	\$	500
C 34	Reduce Printing & Binding	Comm. Dev	210	904	8550	\$	1,000
C 35	Reduce Travel & Training	Comm. Dev	210	904	8580	\$	1,000
C 36	Reduce Small Tools	Comm. Dev	210	904	8612	\$	500
C 37	Reduce Outside Planning Consultant	Comm. Dev	210	905	8341	\$	10,000
C 38	Reduce Outside Arborist and Geotechnical Services	Comm. Dev	210	905	8352	\$	5,000
C 39	<del>Reduce Planning Commission Meeting Stipend</del>	<del>Comm. Dev</del>	<del>210</del>	<del>905</del>	<del>8357</del>	<del>\$</del>	<del>1,000</del>
C 40	Reduce Computer Software Licenses	Comm. Dev	210	905	8359	\$	1,400
C 41	Reduce Contract Environmental Reviews	Comm. Dev	210	905	8366	\$	7,500
C 42	RESERVED FOR FY 2010					\$	-
C 43	RESERVED FOR FY 2010					\$	-
C 44	Reduce Printing & Binding	Comm. Dev	210	905	8550	\$	600
C 45	Reduce Travel & Training	Comm. Dev	210	905	8580	\$	500
C 46	RESERVED FOR FY 2010					\$	-
C 47	RESERVED FOR FY 2010					\$	-
C 48	Reduce General Supplies	Comm. Dev	210	905	8610	\$	2,500
C 49	RESERVED FOR FY 2010					\$	-

C 50	RESERVED FOR FY 2010								\$	-
C 51	RESERVED FOR FY 2010								\$	-
C 52	RESERVED FOR FY 2010								\$	-
C 53	RESERVED FOR FY 2010								\$	-
C 54	RESERVED FOR FY 2010								\$	-
C 55	RESERVED FOR FY 2010								\$	-
C 56	RESERVED FOR FY 2010								\$	-
C 57	RESERVED FOR FY 2010								\$	-
C 58	RESERVED FOR FY 2010								\$	-
C 59	RESERVED FOR FY 2010								\$	-
C 60	RESERVED FOR FY 2010								\$	-
Total Comm. Dev.									\$	50,000

### Finance

The Finance Department will shutter the Legacy Financial System and place the hardware on life support. This measure will expose the City to the risk of being unable to retrieve historical data prior to fiscal year 2009 should the hardware fail. The Audit Committee's Fiscal Consultant's services will be limited. The City's budgeting system capabilities will be diminished. Consulting support for new revenue measures will be suspended. Travel and training will be limited to mandated licensure requirements. Auditor rotation is suspended. City-wide (Non-Departmental) Operating Costs will be minimized to bare-bone levels potentially reducing anticipated budget savings. This uses one-time credit for actuarial studies to determine City's risk exposure to claims losses and defers future studies through 2012.

C 61	Reduce Budgeting Software Support, rely on in-house knowledge	Finance	101	501	8351	\$	9,000
C 62	Reduce Legacy Financial System Support	Finance	101	501	8351	\$	11,500
C 63	Reduce Current Financial System Support	Finance	101	501	8351	\$	15,000
C 64	Reduce Offsite Storage	Finance	101	501	8351	\$	300
C 65	Eliminate Infill CFD	Finance	101	501	8351	\$	16,000
C 66	Reduce CPE License Requirements Travel & Training	Finance	101	501	8580	\$	1,000
C 67	Reduce Audit Costs-Eliminate auditor rotation	Finance	101	502	8351	\$	7,500
C 68	Reduce Audit Committee Funding	Finance	101	502	8351	\$	4,000
C 69	Reduce Printing & Binding-Increase Electronic Distribution of Financial Reports	Finance	101	502	8550	\$	1,000
C 70	Reduce Travel & Training-1 person to Attend Conferences	Finance	101	502	8580	\$	3,300
C 71	Reduce Travel & Training	Finance	101	503	8580	\$	1,850
C 72	Reduce General Supplies	Finance	101	503	8610	\$	150
C 73	Eliminate Fuel in Non-Departmental Division	Finance	101	501	8369	\$	500
C 74	Reduce Repair & Maintenance in Non-Departmental Division	Finance	101	501	8430	\$	2,800
C 75	Reduce General Supplies in Non-Departmental Division	Finance	101	501	8610	\$	1,750
C 76	Reduce Telephone in Non-Departmental Division	Finance	101	501	8532	\$	500
C 77	Reduce Printing & Binding in Non-Departmental Division	Finance	101	501	8550	\$	3,900
C 78	RESERVED FOR FY 2010	Finance				\$	-
Total Finance						\$	80,050

### Human Resources

The Human Resources Department's service levels may diminish with the elimination of short-term and long-term backfilling for absences. The past practice of using an External Chief Negotiator during labor negotiations upcoming with BPOA would be reduced. HR staff will conduct the high level recruitments and other positions to be filled rather than issuing outside consultants.

C 79	Reduce Temporary Part Time Employee Hours-no backfill for absences	H.R.	101	401	8103	\$	2,000
C 80	Reduce funding for labor relations consulting services for upcoming BPOA negotiations	H.R.	101	401	8351	\$	5,000
C 81	Reduce Pre-Employment Services by utilizing in-house abilities	H.R.	101	401	8353	\$	5,000
C 82	Reduce Advertising by placing basic and more cost-effective advertisements	H.R.	101	401	8540	\$	5,000
C 83	Reduce City-Wide Training for not mandated courses	H.R.	101	401	8581	\$	5,500
Total H.R.						\$	22,500

### Information Services

The useful life of the majority of equipment will be extended, which more closely mirrors the actual replacement schedule. The Small Tools budget will be reduced assuming more repairs than replacement will occur. While the equipment is new now, this cannot be sustained long-term as equipment failure will occur.

C 84	Reduce Depreciation by extending the useful life of certain equipment	I.S.	573	301	8419	\$	35,000
C 85	Reduce Repair & Maintenance by not maintaining Finance Legacy System servers	I.S.	573	301	8430	\$	1,500
C 86	Reduce Travel & Training by utilizing computer based training to avoid travel costs	I.S.	573	301	8580	\$	489
C 87	Reduce Small Tools assuming more repairs than replacements are made	I.S.	573	301	8612	\$	8,000
Total I.S.						\$	44,989

**Parks and Recreation**

The Parks and Recreation Department is proposing reducing recreation services including the Special Events program and Parks services including vehicles and services. The reductions in the Parks budget reflects a reduction in custodial service, vehicle usage, and plants in City Hall. Implementation of these reductions will impact the mission of the Parks and Recreation Department in Belmont.

C 88	Reduce General Supplies	Parks & Rec	101	811	8610	\$	4,564
C 89	Reduce Repair & Maintenance	Parks & Rec	101	811	8641	\$	4,000
C 90	Eliminate Tilt Trailer-Vehicle Usage Charge	Parks & Rec	101	811	8307	\$	3,655
C 91	Eliminate Toro Reelmaster Mower-Vehicle Usage Charge and use outside services to perform mowing at the Sports Complex	Parks & Rec	101	811	8307	\$	3,159
C 92	Eliminate the Recreation Truck	Parks & Rec	205	820	8307	\$	5,221
C 93	Reduce Telephone	Parks & Rec	205	820	8532	\$	5,500
C 94	Eliminate Travel & Training	Parks & Rec	205	820	8580	\$	3,000
C 95	Reduce General Supplies	Parks & Rec	205	820	8610	\$	3,133
C 96	Reduce Temporary Part Time Employee Hours	Parks & Rec	205	820	8103	\$	8,289
C 97	Eliminate Special Events Program-Other Professional-Technical	Parks & Rec	205	821	8354	\$	9,000
C 98	Eliminate Special Events Program-Advertising	Parks & Rec	205	821	8540	\$	(4,000)
C 99	Eliminate Special Events Program-General Supplies	Parks & Rec	205	821	8610	\$	10,000
C 100	Eliminate Recreation Specialist and transfer remaining salary costs to other divisions	Parks & Rec	205	821	Salary/ Benefit	\$	77,256
C 101	Reduce Temporary Part Time Employee Hours	Parks & Rec	205	823	8103	\$	6,456
C 102	Reduce Custodial Services at Library	Parks & Rec	206	801	8423	\$	4,524
C 103	Reduce Repair & Maintenance at Library	Parks & Rec	206	801	8430	\$	4,980
C 104	Eliminate Contract for City Hall Interior Plants	Parks & Rec	574	801	8424	\$	3,000
C 105	Reduce Custodial Services at City Facilities including City Hall	Parks & Rec	574	803	8423	\$	9,950
C 106	Reduce Repair & Maintenance at City Facilities including City Hall	Parks & Rec	574	803	8430	\$	5,339
Total Parks & Rec							\$ 65,266

**Police**

In order to reduce the current Police budget, we have supplied the attached correction recommendations. Most of these reductions will not result in a loss of services that the community will see or feel on a regular basis. The Juvenile Diversion Program is provided through funding to Youth and Family Enrichment Services. Cost savings noted below assumes that we will cancel our annual contract with YFES and look at spending the balance of those funds creating an internal diversion program managed by current staff, interns, and volunteers.

C 107	Defer Filling Vacant Police Officer Position	Police	101	601	Salary/ Benefit	\$ 131,591
C 108	Reduction in overtime for special events	Police	101	601	\$ 8111	\$ 5,000
C 109	Reduce Travel & Training	Police	101	601	\$ 8580	\$ 8,000
C 110	RESERVED FOR FY 2010					
C 111	RESERVED FOR FY 2010					
C 112	Reduce Booking Fee					
C 113	Cancel Order of Admin Car (Prius) (Estimated Vehicle Usage Charge Savings)	Police	101	601	\$ 8312	\$ 4,000
C 114	Eliminate Admin Car #124 (Vehicle Usage Charges Savings)	Police	101	601	\$ 8307	\$ 5,200
C 115	Eliminate Traffic Car #110 (Vehicle Usage Charges Savings)	Police	101	601	\$ 8307	\$ 7,310
C 116	Defer Backfill of Injured Community Services Officer	Police	101	601	\$ 8307	\$ 10,443
C 117	Restructure Juvenile Diversion Activities (bring in-house with current resources)	Police	101	602	Salary/ Benefit	\$ 45,451
C 118	Defer Filling Vacant Lead Dispatcher Position	Police	101	602	\$ 8351	\$ 35,000
C 119	Reduce Communications	Police	101	604	Salary/ Benefit	\$ 113,342
C 120	Reduce Fuel	Police	101	604	\$ 8530	\$ 1,000
		Police	101	601/602	\$ 8639	\$ 5,000
		Total Police				\$ 371,337

**Public Works**

The Fleet Management Division will reduce vehicle procurement, potentially resulting in additional repair costs and an overall reduction of 13 vehicles is planned, which will generate revenue from the sale. The Development Engineering Division will reduce outside support by utilizing in-house staff for simple development projects. The Transportation Programs Division will reduce traffic calming and speed hump installation.

C 121	RESERVED FOR FY 2010							\$	-
C 122	Reduce Other Professional Technical	Public Works	210	780	8351			\$	14,768
C 123	Reduce Other Professional Technical	Public Works	231	701	8351			\$	987
C 124	RESERVED FOR FY 2010							\$	-
C 125	RESERVED FOR FY 2010							\$	-
C 126	Reduce Other Professional Technical	Public Works	231	752	8351			\$	8,295
C 127	RESERVED FOR FY 2010							\$	-
C 128	RESERVED FOR FY 2010							\$	-
C 129	Reduce City's Fleet by 13 Vehicles				8419/ 8430				
		Public Works	573	740	8430			\$	31,780
C 130	Reduce Machinery and Equipment	Public Works	573	740	9040			\$	5,000
Total Public Works									\$ 60,830

**Transfers**

C 131	Modification of Community Development Employees to Housing Activities	Comm. Dev	210	Various	Salary/ Benefit	\$	107,000
C 132	Police Officer Funded by RDA through restructuring of beats	Police	101	601	Salary/ Benefit	\$	131,591

**Subtotal Department Transfers \$ 238,591**

**Total \$ 1,012,512**



Finance Commission Recommendations  
Budget Correction Plan

Item #	Item Description	Dept.	Source	FY 2010 Budget Correction	FY 2011 Budget Plan	Long Term Sustainability Model	Comments	Recommendation
1	Day Care Operation	Parks & Rec	F/C Meeting 3/18/2010	Increase the fee structure to cover the deficit.	Continue New Fee Structure	Policy question regarding City being involved in business operations	Transfer to Park & Rec Commission?	Recommended 5-0
2	Day Care Operation	Parks & Rec	F/C Meeting 3/18/2010	Adjust fees between residents and non-residents consistent with other differentials but not less than a 10% premium.			Adjust rates as soon as practical.	Recommended 5-0
3	Eliminate discretionary Travel and Training that does not impact level of service	All	F/C Meeting 3/18/2010	Implement as soon as possible	Continue	N/A		Recommended 5-0
4	Where appropriate eliminate/reduce expenses that have little or no short-term impact on level of service	All	F/C Meeting 4/1/2010	Implement as soon as possible	Continue			Recommended 5-0
5	Compensation	All	F/C Meeting 3/18/2010	City Responsibility				Recommended 5-0
6	Best use of City Building Assets	Parks & Rec	F/C Meeting 3/18/2010	n/a	n/a	Study policy for Best use of these assets	Involve Park & Rec Commission	Recommended 5-0
7	Support for Adult sports, special classes and daycare is eliminated	Parks & Rec	F/C Meeting 4/1/2010		ASAP savings captured through elimination of subsidy			Recommended 5-0

ATTACHMENT B

Item #	Item Description	Dept.	Source	FY 2010 Budget Correction	FY 2011 Budget Plan	Long Term Sustainability Model	Comments	Recommendation
8	Feasibility study for City of Belmont alarm monitoring	Police	F/C Meeting 4/1/2010			August target date		Recommended 5-0
9	Caution with disposal of city vehicles and other tangible assets	PW-Fleet	F/C Meeting 4/1/2010					Recommended 5-0
10	Do not implement short term budget strategies that result in long term costs	All	F/C Meeting 4/1/2010					Recommended 5-0
11	Increase from 10-12% TOT considered by City Council	Finance	F/C Meeting 4/1/2010					Not Recommended 1-0-4
12	Shared services study	All	F/C Meeting 4/1/2010			Ad hoc of Finance Commission		Recommended 5-0
13	Explore alternative sources of revenue	All	F/C Meeting 4/1/2010		Include creative ideas as much as feasible that have a net positive impact. Includes naming rights at Sports Complex, electronic billboards	Ad hoc of reps from city commissions. Initiate other ideas for creative revenue sources		Recommended 5-0

**Questions/Answers and Input from Planning Commission Meeting**  
**April 6, 2010**  
***Staff Responses in Italics***

- Is there a deferral of any expenses that would have long-term consequences?
  - *Some pain will occur in the short-term; have funds to address on-going efforts. We will have less money available to address new efforts.*
- Is the General Plan at risk?
  - *No, key provisions will continue.*
- Why are no items related to Fire included in the Plan?
  - *Fire is not part of the General Fund, it is separate legal entity with its own source of funding.*
- Where's the Tree Ordinance?
  - *The work will be performed in-house.*
- A Commissioner supported the public notification fee (Department Revenue Proposal B3).
- Is Economic Development helping? Any reliance on a big-box solution?
  - *The objective is to create "places" in the City while expanding the tax base. No big-box.*
- A Commissioner suggested suspension of mileage reimbursement for Planning Commissioners.
- A Commissioner supported the elimination of packet delivery.
- Concerned about results of deferred maintenance.
- A Commissioner stated a voluntary work reduction/job share worked well in the private sector.
- The private sector is deferring pay raises.
- Suggested to dress-up the Community Center facilities to make it more appealing for wedding rentals.
- Implement an "Adopt a Street" program for trash pick-up.
- Suggestion to reduce the number of Planning Commission meetings.
  - Staff concern with reducing to once a month given the workload.

**Questions/Answers and Input from Parks & Recreation Commission Meeting**

**April 7, 2010**

***Staff Responses in Italics***

- Why is Fire not part of this?
  - *Fire is not part of the General Fund, it is separate legal entity with its own source of funding.*
- How do departments like Public Works and Finance generate revenue? (Budget Correction Principles indicate priority of raising existing revenues or implementing new sources).
  - *Public Works can obtain grants or other intergovernmental funding (Bike Bridge Project).*
  - *The Finance Department's main revenue is the Business License Tax, increases are tied to CPI. As a result, the target is met through reduction proposals.*
- Director Gervais provided an orientation of Barrett and the various activities occurring in each part of the campus.
- Teen Center: What kids are attending the Teen Center? Could we move it?
  - *Most students are from Ralston Middle School. Moving to Room D is an alternative. Indicated it was a better location that was more accessible and next to the basketball courts.*
- Belmont Players: The group does make donations to the City and has made improvements; plays are enjoyable and add value to the community; need to determine what an appropriate payment for the use of the facilities would be.
- Daycare: Would increasing the number of students require additional personnel?
  - *No, existing staff can handle the increase in the students.*
- Director Gervais explained how the benchmark rates were determined-survey of the bay area and determined rate based on the functions of the facilities (retail, warehouse, studio) and based on building conditions recommended rates of 75 or 100% of benchmark. Also noted that the City pays utilities for these buildings. It was reiterated that Barrett is not for sale.
  - Commissioners noted that it would take to recoup the costs of basic improvements at these facilities.
  - Rate increases could be phased in over time
- Barrett is a wonderful site

- Director Gervais explained that the current leases are expired on these facilities, should we have some sort of agreement? Including provisions for liability purposes.
- Creekside Studios-should public funds be used to support people making money on City property? What's the correct level of support/community tolerance. Concern the businesses have fluctuating revenues and what can they afford.
- Charging Belmont-based Non-Profits, costs incurred are minimal but there has been some challenges with this benefit in the past, this proposal would help close the loop. Consider including a waiver/grandfather clause for known groups that positively contribute to the community.
- Special Events Program-Director Gervais explained that the revenue received for these events generally covers the supplies but does not cover the staff time. An option would be to partner/transition the events to other entities that would bear the costs.
  - A Commissioner noted the value of the program to the community needs to be considered and not just the dollar costs.
  - A Commissioner suggested approaching the Mother's Club, like groups for support.
  - A Commissioner suggested considering a one-year suspension of all special events programs, likely would not go over with the community as people look forward to the events. Activities like Save the Music are one of the few fundraisers the music program has at the local schools.
- Why is the Library included among the cuts? It has its own funding source?
  - *This was done to be fiscally responsible and trying to reduce other costs rather than just adding additional. Noted this is a balance of capturing staff time, while preserving Library funds for other purposes.*

In an effort to address comments made at the last two City Council meetings from the Council and the public, this memo provides additional background on options regarding the Manor House/1870 Art Center, The Book Nook and the Parks and Recreation Special Events program. This information is intended to supplement the Budget Correction Worksheets.

#### *Manor House and 1870 Art Center*

The City's Manor Building and 1870 Art Center are leased by a several local arts organizations. The Manor Building houses: Peninsula Art Museum, the Peninsula Arts Council, and the Belmont Arts Council. The 1870 Art Center is run by a corporation of artists who sell art on site and teach private classes. The City does not participate in these activities and the group has exclusive access to its rented spaces. Leases on both facilities expired in 2008 and Staff has estimated benchmark rates (based on Bay Area rents for warehouse, artist and retail space) to fairly price lease rates for new contracts.

Currently, the Manor House monthly lease rate is 41% of the benchmark rate and the 1870 Art Center rate is about 50% of the benchmark rate. Staff is proposing increasing the Manor House to the benchmark rate to reflect the recent upgrades to the property (\$400K from the general fund) and additional costs, including \$10K/year utilities and a \$600/mo stipend to Manager (Ruth Waters). For the 1870 Art Center, we recommend a 25% discount to the benchmark rate in consideration for the older facilities.

In addition to currently charging rents well below the Benchmark rate, the City also bears costs for the function and maintenance of these facilities. While it is difficult to isolate some of these costs (ongoing maintenance, staff time for coordination, and utilities for 1870) there is an impact to the City.

Staff recommendation breaks down as follows:

Manor Building:        2008 lease rate (current rate): \$2,372 per month  
                                  Benchmark rate: \$5,728 per month  
                                  Recommended rate: \$5,728 per month

1870 Art Center:        2008 lease rate (current rate): \$5,956 per month  
                                  Benchmark rate: \$11,767 per month  
                                  Recommended rate: \$ 8,825 per month

Belmont has benefitted from the re-use of these facilities by creative community members. However, during these difficult economic times, the City must consider the level of support that is appropriate for these activities.

#### *The Book Nook*

There is currently no documented agreement between the City and the Friends of the Library regarding the Book Nook. Staff has some concerns regarding liability of operating a business in an aging facility, which could be addressed in a formal agreement. Additionally, as a revenue generating program, the Book Nook might be able to offset its utility costs, albeit small (\$250/yr). However, it is also recognized that the business has a small budget and does benefit a City institution. Staff would appreciate direction from the Council on whether any of the following is appropriate:

- Cost recovery (\$250/yr)
- Formal agreement (to reduce liability)
- Rental agreement to increase revenue

#### *Parks and Recreation Special Events Programs*

Many options have been submitted short of eliminating this Program in its entirety. (Programs include: Breakfast with Santa, Easter Egg Hunt, Movies in the Park, Safe Halloween, Father Daughter dance, etc.) For your consideration:

- Keep entire program (cost \$140,000 /yr)
- Recommend events that should continue and supply budget for those (e.g. Movie in the Park \$600/event)
- Seek partnerships to fund events (will require staff time)

**Notes/Questions from Budget Community Meeting  
March 31, 2010  
6 p.m. Taube Room, Belmont Library  
And Other Community Submitted Comments**

(R)=Belmont Resident/ (B)=Belmont Business Owner

**Questions from flip charts:**

1. (R) Value of 1870 Art Center to community
  - a. Fields, art, playground, community center, classes
2. (B) What is the rent that the Belmont Historical Society pays?  
*The City rents the Manor Building to the Peninsula Museum of Art, which subleases to others. /*
3. (R) Waterdog Lake
  - a. Encourage Art Center activities, marketing, offer additional services, grants from businesses
4. (R) Art Studio Pricing – make it different for non-residents
5. (R) Don't change the maintenance at the Library
6. (R) Study rent rates – comparison of space worth
7. (R) Barrett – don't remove from communities benefit
8. (R) Traffic concerns on Ralston if Barrett's use changes
9. (R) Raising rents – loss of artists??
10. (R) Other activities at Barrett?
11. (R) Tie into Vision Statement
12. (R) Vacant apartments at South and Ralston; renovate and rent out?
13. (R) Salary costs, reductions, days off
14. (R) Parks and Rec revenue proposals – ratio between art studios and other fees
15. (R) Impact of cuts on valued items – i.e. streets
16. (R) Concern over adding taxes for special items
17. (R) Fire: Impact of San Carlos leaving partnership

**Additional Notes:**

1. Approximately 67 people were in attendance
2. Introduction by Don Mattei, Acting City Manager
3. PowerPoint presentation by Thomas Fil, Finance Director
4. Other questions/comments that were responded to at the meeting:
  - a. What about the State and Prop 1A? Local taxpayer propositions?
  - b. Explain 2010 and 2011 columns
  - c. City Manager salary, short-term strategy to capture savings
  - d. 1870 value to community
  - e. (R) Asked for a comparison of Manor and Barrett (rents/building/facility); Jonathan asked the community: "What level of support does the community want to provide to the Manor House and Barrett?"
  - f. (B) 1870 Art Center – What is on the block? Field/center? It is very valuable to the community
  - g. (R) 1870 asset to the community – "We need them more than they need us" – during a crisis, think outside the box – revenue "is there a way to grow additional services to bring revenue" i.e. grants from Oracle for using our roads; recommended getting advice from someone in marketing.
  - h. (R) Rent at 1870 raised this year, no water (rusty), no heat – don't consider it as if it were a fully-equipped building – not reasonable
  - i. (R) Many years ago there was a possibility of putting condos on the Barrett site... that did not happen. Barrett caters to all of the community. It may be a revenue loss, don't remove from the community.
  - j. (R) She turns left onto Ralston every morning, and it takes her longer to turn left than to commute to RWC where she works. If you add additional use to Barrett, it will add traffic.
  - k. (Don Mattei commented that we are not getting rid of Barrett... we are only talking about rent issues.)
  - l. (R) If rent is raised, you may lose some artists – both locations are a draw to people of the City
  - m. (R) Does Barrett have something for teens? What other activities occur at Barrett?
  - n. (R) Will you be going into detail with rent amounts? (Current rent/proposed rent)



- o. (R) Can we use the money from the Bicycle Bridge to pay for operating deficit?
- p. (R) There are potholes on our street – if you cut the budget, please be careful – we may lose benefits; without nice looking streets, home prices go down.
- q. (R) Consider a voter parcel tax?
- r. (R) Why aren't property taxes covering everything? Artists vs. Increased taxes... I understand the dilemma – but if taxes are raised, you will have a “taxpayer revolt”
- s. (R) Why is Fire not included in the numbers? (Fire is paid through the Belmont Fire Protection District, and a separate entity.)
- t. (R) If San Carlos leaves Belmont-San Carlos Fire, will it be a disaster for Belmont?

The Mayor thanked everyone for coming.

Meeting was concluded at 7:40 p.m.

#### Other Community Submitted Comments

1. When and how is Belmont going to make city salaries, particularly pension benefits, affordable to operate the city? At the going rate, cities will bankrupt themselves with extraordinarily high benefits which are inconsistent with salaries/pensions that residents earn. I think it is inappropriate that police can retire in early fifties at nearly full salary. What is the average amount of overtime salary that police/fireman earn? Government employee salaries/benefits are a ticking time bomb that need to be addressed now.
2. Haven't enough Belmont landmarks been tossed aside in favor of the almighty dollar. I'm sure there's more money in razing the Cultural Center and sending Ruth Waters and her wonderful volunteers packing!

Please don't tell us that the decision will come down to Belmont arts vs. another parking lot!

3. I urge you not to go forward with plans to rent the Barrett facility in Belmont to a Private School. I am a long time supporter of the Belmont Community Players and have concerns about the City of Belmont turning their back on a special attraction as the annual melodrama show. This is a unique form of entertainment not found elsewhere on the peninsula. I know of people who travel from Livermore, Tracy, Danville and San Jose to see the show. While they are here they spend time in Belmont and support the local businesses. Please keep a special tradition in Belmont alive, and keep the audience for these shows coming to help support the local businesses.

4. Thanks to you and Mr. Fil and everyone else for the community budget meeting last night. I've lived in Belmont for going on 13 years and appreciate such opportunities. I wish it had been a little more specifically productive, though. People like to put in their plugs for things they don't want cut, and I don't blame them, but perhaps a good exercise for everyone who wants to avoid \$X of cuts somewhere is to ask them to also suggest where they want the \$X to be cut instead, or how they propose generating a counteracting \$X in revenues. Because of course at the end of all this, the budget has to balance, and that would be a good way to bring that point home. Also, for suggestions that some things give Belmont enough value that they should be spared from being cut regardless of whether they pay for themselves (I recall this being said of the Barrett Arts Center, and theoretically I agree), I wonder if there is some effective or feasible way to try and put a dollar value on them. Sure, it's a subjective exercise and there'd be a lot of hand-waving, but essentially that's what has to be done to justify anything that doesn't pay its way. That may be worth some brainstorming somewhere along the way.